sales charge will be incurred by shareholders of the Acquired Funds in connection with their acquisition of Acquiring Series shares. Further, applicants state that the Boards, including the non-interested members, have concluded that the reorganization is in the best interest of the shareholders of the Acquired Fund. In addition, the investment objectives, policies, and restrictions of the Acquiring Series are substantially similar to those of the Acquired Funds and that the differences reflect either the desire for uniformity among the different series of Cardinal, to reflect more current regulations, and/or for easier operation.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–31512 Filed 12–28–95; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 21620; 812–9798]

Voyageur Fund Managers, Inc., et al.; Notice of Application

December 22, 1995.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Voyageur fund Managers, Inc. (the ''Sponsor''), Voyageur Unit Investment Trust, Voyageur Equity Trust, Voyageur Tax-Exempt Trust, and any future unit investment trusts sponsored by the Sponsor (together with the three above-named unit investment trusts, the ''Trusts'') and their respective series (each, a ''Series'').

RELEVANT ACT SECTIONS: Order requested under section 6(c) granting an exemption from sections 2(a)(32), 2(a)(35), 14(a), 19(b), 22(d), and 26(a)(2) of the Act and rules 19b–1 and 22c–1 thereunder; under section 11(a) for an exemption from section 11(c); and under sections 6(c) and 17(b) for an exemption from section 17(a).

SUMMARY OF APPLICATION: Applicants request an order: (a) Permitting the Trusts to impose sales charges on a deferred basis and to waive the deferred sales charge in certain cases; (b) permitting certain offers of exchange involving the Trusts; (c) exempting the Sponsor from having to take for its own account or place with others $100,000 worth of units in certain Trusts; (d) permitting certain Trusts to distribute capital gains resulting from redemptions of portfolio securities within a reasonable time after receipt; and (e) permitting a terminating Series of the Voyageur Equity trust to sell portfolio securities to a new Series of that Trust under the circumstances described below.

FILING DATE: The application was filed on October 5, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on January 16, 1996, and should be accompanied by proof of service on the Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reasons for the request, and the issues contested. Persons who wish to be notified of a hearing may request such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o Voyageur Fund Managers, Inc., 90 South Seventh Street, Suite 4400, Minneapolis, Minnesota 55402.

FOR FURTHER INFORMATION CONTACT: H.R. Hallock, Jr., Special Counsel, at (202) 942–0564 or C. David Messman, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. Each of the Trusts is or will be a unit investment trust registered under the Act and sponsored by the Sponsor. The investment objectives of the Trusts may differ. The principal underwriter for the Trusts is or will be Voyageur Fund Distributor, Inc. (the ''Distributor''). The Sponsor and Distributor are each indirect wholly-owned subsidiaries of Dougherty Financial Group, Inc.

2. Each of the Trusts consists or will consist of one or more separate Series. Each Series is created by a trust indenture among the Sponsor, a banking institution or trust company as trustee, and an evaluator. The Sponsor acquires a portfolio of securities which it deposits with the trustee in exchange for certificates representing units of fractional undivided interest in the deposited portfolio (''Units''). The Sponsor will deposit substantially more than $100,000 of debt or equity securities, depending on the objective of the particular Series, for each Series.

3. The Units are then offered to the public through the Distributor and dealers at a public offering price which, during the initial offering period, is based upon the aggregate offering side evaluation of the underlying securities plus a front-end sales charge. The sales charge is the maximum amount applicable to a Series and is currently approximately 4.9% of the public offering price. The Sponsor may reduce the sales charge under certain circumstances, which will be disclosed in the prospectus. Any such reduction will be made in accordance with rule 22d–1.

4. The Distributor maintains a secondary market for Units of outstanding Series and continually offers to purchase these Units at prices based upon the bid side evaluation of the underlying securities. If the Distributor discontinues maintaining such a market at any time for any Trust, holders of Units (''Unitholders'') of such Trust may redeem their Units through the trustee.

5. Distribution payments of tax-exempt or taxable income, depending on the investment objective of a particular Trust, will be made to Unitholders on an annual, semi-annual, quarterly or monthly basis. The Trusts generally are permitted to distribute to Unitholders any capital gains earned in connection with the sale of portfolio shares along with the Trust's regular distributions in reliance on paragraph (c) of rule 19b–1.

A. The Deferred Sales Charge

1. Applicants seek an order permitting them to impose a deferred sales charge (''DSC'') and to reduce or waive the DSC under certain circumstances. Under Applicants' proposal, the Sponsor will determine the maximum amount of the sales charge per Unit. The Sponsor and Distributor will have discretion to defer the collection of all or part of such sales charge over a period (the ''Collection Period'') subsequent to the settlement date for the purchase of Units. The Sponsor will in no event add to the deferred amount of the sales charge any additional amount for interest or any similar or related charge to reflect or adjust for such deferral.

2. The Distributor anticipates collecting a portion of the total sales charge immediately upon purchase of Trust Units. The balance of the sales charge will be collected in installments

over the Collection Period for the particular Trust. To the extent that distribution income is sufficient to pay a DSC installment, such deductions will be collected from distributions on a holder's Units (''Distribution Deductions''). If distribution income is insufficient to pay a DSC installment, the trustee, pursuant to the powers granted in the trust indenture, will have the ability to sell portfolio securities in an amount necessary to provide the requisite payments. If a Unitholder redeems or sells to the Sponsor his or her Units before the total sales charge has been collected from installment payments, the Sponsor intends to deduct the remainder of any DSC from sale or redemption proceeds.

3. For purposes of calculating the amount of the DSC due upon redemption or sale of Units, it will be assumed that Units on which the sales charge has been paid in full are liquidated first. Any Units liquidated over and above such amounts will be subject to the DSC, which will be applied on the assumption that Units held for the longest time are redeemed first, unless the investor directs otherwise. The Sponsor or Distributor may choose in the future to waive the DSC in connection with redemption or sales of Units under certain circumstances. Any such waiver will be disclosed in the prospectus for each Trust affected and will be implemented in accordance with rule 22d–1.

4. The Sponsor believes that the operation and implementation of the DSC program will be adequately disclosed and explained to potential investors as well as Unitholders. The prospectus for each Trust will describe the operation of the DSC, including the amount and date of each Distribution Deduction and the duration of the Collection Period. The prospectus will also contain disclosure pertaining to the trustee's ability to sell Trust securities in the event that income generated by the Trust portfolio is partially or wholly insufficient to pay for DSC expenses. The securities confirmation statement for each Unitholder's purchase transaction will state both the front-end sales charge imposed, if any, and the amount of the DSC to be imposed. In addition, each annual report will provide Unitholders with information as to the amount of annual DSC payments made by the Trust during the previous fiscal year on both a Series and per Unit basis.

B. The Exchange Option

1. Applicants also seek exemptive relief to allow certain offers of exchange among the Series of the Trusts (the ''Exchange Option''). The Exchange Option will extend to all exchanges of Unites, regardless of whether such Units are subject to a front-end sales charge or a DSC, and includes exchanges in connection with the termination of a Trust. An investor who purchases Units under the Exchange Option will pay a lower aggregate sales charge than that paid by a new investor, subject to the limited exceptions described below. While Units of an applicable Trust are normally sold on the secondary market with maximum sales charges of approximately 5.5% of the public offering price, the sales charge on Units acquired pursuant to the proposed Exchange Option generally will be reduced to a flat fee of $25 per Unit ($25 per 100 Units in the case of a Series whose Units initially cost approximately $10 per Unit, or $25 per 1,000 Units in the case of a Series whose Units initially cost approximately $1.00 per Unit).

2. An adjustment will be made if Units of any Trust are exchanged within five months of their acquisition for Units of a Trust with a higher sales charge (the ''Five Months Adjustment''), or for exchanges of Units that impose Distribution Deductions for Units of a Trust that impose a front-end sales charge occurring at any time before the Distribution Deductions had at least equaled the per Unit sales charge then applicable (the ''DSC Front-end Adjustment''). In such cases, the exchange fee will be the greater of (i) $25 per Unit (or its equivalent) or (ii) an amount that, together with the sales charge already paid on the Units being exchanged, equals the normal sales charge on the Units of a Trust being acquired through such exchange determined as of the date of the exchange.

3. Under the Exchange Option, if DSC Units are exchanged for DSC Units of another Trust, the reduced sales charge will be collected in connection with such an exchange. The Distribution Deductions will continue to be taken from the investment income generated by the newly acquired Units, or proceeds from the sale of Trust portfolio securities, as the case may be, until the original balance of the sales charge owed on the initial investment has been collected. The DSC will not be collected at the time of exchange, except in the case of any exchange to a Trust not having a DSC.

C. Purchase and Sale Transactions Between Series

1. Applicants finally seek exemptive relief to permit certain terminating Series of the Voyageur Equity Trust to sell their portfolio securities to new Series in the Voyageur Equity Trust. Certain Series of the Voyageur Equity Trust (referred to herein individually either as the ''State Trusts'' or the ''Index Trusts'' and, collectively, as the ''Rollover Trusts'') will have the specific characteristics described below.

2. The State Trusts will contain equity securities of companies paying the highest dividends located in a particular state or states that meet certain capital requirements, as specified below. The investment objective of the State Trusts will be to provide an above-average total return through a combination of potential capital appreciation and dividend income by investing in a designated number of the highest dividend yielding companies (''Eligible Companies''), as of a specified day which is one of several days before the State Trust is created which (a) have their principal operations located in a specified state or states, and (b) have a market capitalization in excess of $250 million. Applicants anticipate that many of the securities of Eligible companies will be traded on a national securities exchange or on the Nasdaq National Market System (''Nasdaq-NMS'').

3. The Index Trusts will contain a portfolio of equity securities which represents a portion of a specific published index (and ''Index''). Each Index Trust will consist of a portfolio that contains equity securities (''Equity Securities'') which are (a) actively traded (i.e., have had an average daily trading volume in the preceding six months of at least 500 shares equal in value to at least U.S. $25,000) on (i) an exchange (an ''Exchange'') which is either a national securities exchange that meets the qualifications of section 6 of the Securities Exchange Act of 1934, as amended, or a foreign securities exchange (a ''Foreign Exchange'') that meets the qualifications set forth in a proposed amendment to rule 12d3–1(d)(6) under the Act [1] and which releases daily closing prices, or (ii) the Nasdaq-NMS and (b) included in an Index. The investment objective of each

[1] Investment Company Act Release No. 17096 (Aug. 3, 1989) (proposing amendments to rule 12d3–1). The proposed amended rule defined a ''Qualified Foreign Exchange'' to mean a stock exchange in a country other than the United States where: (1) Trading generally occurred at least four days a week; (2) there were limited restrictions on the ability of acquiring companies to trade their holdings on the exchange; (3) the exchange had a trading volume in stocks for the previous year of at least U.S. $7.5 billion; and (4) the exchange had a turnover ratio for the preceding year of a least 20% of its market capitalization. The version of the amended rule that was adopted did not include the part of the proposed amendment defining the term ''Qualified Foreign Exchange.''

Index Trust will be to seek a greater total return than that achieved by the stocks constituting the entire Index over the life of the Index Trust. To achieve this objective, each Index Trust will consist of a specified number of the highest dividend yielding stocks in such trusts' respective Index.

4. Each Rollover Trust will hold its securities for a specified period, generally one year. As the Rollover Trust terminates, the Sponsor intends to create a new Series of the same type (the ''New Trust'') for the next period. With respect to the Index Trusts, the New Trust will be based on the same Index, using the same number of current top dividend yielding stocks in the Index. With respect to the State Trusts, the New Trust will be based on the same number of current top dividend yielding companies located in the same state or states and that meet the minimum capital requirements. Each Rollover Trust has a specified date upon which Unitholders in the terminating Rollover Trust may at their option redeem their Units in the terminating trust and receive in return Units in the New Trust which is created on or about the date such option may be exercised.

5. In connection with its termination, each Rollover Trust will sell all of its portfolio securities as quickly as practicable, but over a period of time so as to minimize any adverse impact on the market price. Similarly, a New Trust will acquire its portfolio securities in purchase transactions. Because there normally will be some overlap between the portfolios of each Rollover Trust and the corresponding New Trust, this procedure will result in substantial brokerage commissions on portfolio securities of the same issue that are borne by the Rollover Trust and the New Trust and, consequently, the Unitholders of both the Rollover Trust and the New Trust. In light of these costs, Applicants request an exemptive order to allow any Index Trust to sell Equity Securities, and the State Trusts to sell securities of the Eligible companies, that are listed on an Exchange or Nasdaq-NMS and actively traded (as described above), to their respective New Trusts and to permit the New Trusts to purchase such securities at the closing sale prices of the securities on the applicable Exchange or on Nasdaq-NMS on the sale date. As required by Condition C.3. and 4., below, these transactions must be effected in compliance with rule 17a–7, except for certain provisions of paragraph (e) thereof.

6. To minimize overreaching, the Sponsor will certify to the trustee, within five days of each sale from a Rollover Trust to a New Trust, (a) that the transaction is consistent with the policy of both the Rollover Trust and the New Trust, as recited in their respective registration statements and reports filed under the Act, (b) the date of such transaction and (c) the closing sales price on the Exchange or Nasdaq-NMS for the sale date of the securities subject to such sale. The trustee will countersign the certificate, unless the trustee disagrees with the price listed on the certificate, in which event the trustee will immediately inform the Sponsor and return the certificate to the Sponsor with corrections duly noted. If the Sponsor can verify the corrected price, the Sponsor will ensure that the price of Units of the New Trust, and distribution to Unitholders of the Rollover Trust, accurately reflect the corrected price. If the Sponsor disagrees with the trustee's corrected price, the Sponsor and the trustee will jointly determine the correct sales price by reference to a mutually agreeable, indepenently published list of closing sales prices for the date of the transaction.

Applicants' Legal Analysis

1. Applicants request an exemption under section 6(c) granting relief from sections 2(a)(32), 2(a)(35), 22(d) and 26(a)(2) and rule 22c–1 to permit Applicants to assess a DSC, and to waive the DSC under certain circumstances. Applicants also request an exemption under section 11(a) for relief from section 11(c) to enable them to implement the Exchange Option. In addition, Applicants request an exemption pursuant to sections 6(c) and 17(b) granting relief from section 17(a) to permit Rollover Trusts to sell portfolio securities to a New Trust and to permit the New Trusts to purchase such securities. Finally, Applicants seek an exemption under section 6(c) granting relief from sections 14(a) and 19(b) and rule 19b–1 to the extent described below.

2. Section 2(a)(32) defines a ''redeemable security'' as a security that, upon its presentation to the issuer, entitles the holder to receive approximately his or her proportionate share of the issuer's current net assets, or the cash equivalent of those assets. Because the imposition of a DSC may cause a redeeming Unitholder to receive an amount less than the net asset value of the redeemed Units, Applicants seek an exemption from section 2(a)(32) so that Units subject to a DSC are considered redeemable securities for purposes of the Act.[2]

3. Section 2(a)(35), in relevant part, defines the term ''sales load'' to be the difference between the public selling price of a security and that portion of the sale proceeds invested or held for investment by the depositor or trustee. Because a DSC is not charged at the time of purchase, Applicants request an exemption from section 2(a)(35).

4. Rule 22c–1 requires that the price of a redeemable security issued by an investment company for purposes of sale, redemption, and repurchase be based on the security's current net asset value. Because the imposition of a DSC may cause a redeeming Unitholder to receive an amount less than the net asset value of the redeemed Units, Applicants seek an exemption from this rule.

5. Section 22(d) requires an investment company and its principal underwriter and dealer to sell securities only at a current public offering price described in the investment company's prospectus. Because sales charges traditionally have been a component of the public offering price, section 22(d) historically required that all investors be charged the same load. Rule 22d–1 was adopted to permit the sale of redeemable securities ''at prices which reflect scheduled variations in, or elimination of, the sales load.'' Because rule 22d–1 does not extend to scheduled variations in DSCs, Applicants seek relief from section 22(d) to permit them to waive or reduce their DSC in certain instances.

6. Section 26(a)(2), in relevant part, prohibits a trustee or custodian of a unit investment trust from collecting from the Trust as an expense any payment to a depositor or principal underwriter thereof. Because of this prohibition, Applicants need an exemption to permit the trustee to collect the DSC installments from Distribution Deductions or Trust assets and disburse them to the Sponsor.

7. Section 6(c) provides, in relevant part, that the SEC, by order upon application, may conditionally or uconditionally exempt any person or transaction, or any class or classes of persons or transactions, from any provision or provisions of the Act or of any rule thereunder, if and to the extent that such exemption is appropriate in the public interest and consistent with the protection of investors and the

[2] Without an exemption, a Trust selling Units subject to a DSC could not meet the definition of a unit investment trust under section 4(2) of the Act. As here relevant, section 4(2) defines a unit investment trust as an investment company that issues only ''redeemable securities.''

purposes fairly intended by the policy and provisions of the Act. Applicants believe that implementation of the deferred sales charge program in the manner described above would be fair and in the best interests of the Unitholders of the Trusts. Thus, granting the requested relief from sections 2(a)(32), 2(a)(35), 22(d), and 26(a)(2) and rule 22c–1 would meet the requirements for an exemption established by section 6(c).

8. Section 11(c) prohibits any offers of exchange of the securities of a registered unit investment trust for the securities of any other investment company, unless the terms of the offer have been approved by the SEC under section 11(a). Applicants assert that the reduced sales charge imposed at the time of exchange is a reasonable and justifiable expense to be allocated for the professional assistance and operational expenses incurred in connection with the Exchange Option.

9. Section 17(a) makes it unlawful for an affiliated person of a registered investment company to sell securities to, or purchase securities from, the company. Investment companies under common control may be considered affiliated persons of one another. Each Series will have an identical or common Sponsor, Voyageur Fund Managers, Inc. Since the Sponsor of each Series may be considered to control each Series, it is likely that each Series would be considered an affiliated person of the others.

10. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general provisions of the Act. As noted above, section 6(c) authorizes the SEC to exempt classes of transactions. Applicants believe the proposed sales of portfolio securities from a Rollover Trust to a New Trust satisfy the exemptive requirements set forth in sections 6(c) and 17(b).

11. Rule 17a–7 under the Act permits registered investment companies that might be deemed affiliates solely by reason of common investment advisers, directors, and/or officers, to purchase securities from, or sell securities to, one another at an independently determined price, provided certain conditions are met. Paragraph (e) of the rule requires an investment company's board of directors to adopt and monitor the procedures for these transactions to assure compliance with the rule. A unit investment trust does not have a board of directors and, therefore, may not rely on the rule. Applicants represent that they will comply with all of the provisions of rule 17a–7, other than paragraph (e).

12. Applicants represent that purchases and sales between Series will be consistent with the policy of each Series, as only securities that otherwise would be bought and sold on the open market pursuant to the policy of each Series will be involved in the proposed transactions. Further, Applicants submit that requiring the Series to buy and sell on the open market leads to unnecessary brokerage fees and is therefore contrary to the general purposes of the Act.

13. Section 14(a) requires in substance that investment companies have $100,000 of net worth prior to making a public offering. As noted previously, the Sponsor will deposit substantially more than $100,000 of debt or equity securities for each Series. As the Sponsor intends to sell all of a Trust Series' Units to the public, however, representing the entire beneficial ownership of the Trust, Applicants request exemptive relief from the net worth requirement of section 14(a). Applicants will comply in all respects with rule 14a–3, which provides an exemption from section 14(a), except that the Voyageur Equity Trust and certain future Trusts (the ''Equity Trusts'') will not restrict their portfolio investments to ''eligible trust securities'' as required by the rule.

14. Section 19(b) and rule 19b–1 make it unlawful, except under limited circumstances, for a registered investment company to distribute long-term capital gains more than once every twelve months. Rule 19b–1(c), under certain circumstances, excepts a unit investment trust investing in ''eligible trust securities'' (as defined in rule 14a–3) from the requirements of rule 19b–1. Because the Equity Trusts, as noted above, will not restrict their portfolio to ''eligible trust securities,'' the Equity Trusts will not qualify for the exemption in paragraph (c) of rule 19b–1. Applicants therefore request an exemption from section 19(b) and 19b–1 to the extent necessary to permit any capital gains earned in connection with the sale of portfolios shares to be distributed to Unitholders along with the Equity Trust's regular distributions. In all other respects, Applicants will comply with section 19(b) and rule 19b–1.

15. Applicants submit that the dangers which section 19(b) and rule 19b–1 are designed to prevent do not exist in the Equity Trusts. Any gains from the redemption of portfolio securities would be triggered by the need to meet Trust expenses, deferred sales charge installments, or by requests to redeem Units, events over which the Sponsor and the Equity Trusts have no control. Moreover, since principal distributions must be clearly indicated in accompanying reports to Unitholders as a return of principal and will be relatively small in comparison to normal dividend distributions, there is little danger of confusion from failure to differentiate among distributions.

Applicants' Conditions

The Applicants agree that any order granting the application will be made subject to the following conditions:

A. Conditions With Respect to DSC Relief and Exchange Option

1. Whenever the Exchange Option is to be terminated or its terms are to be amended materially, any holder of a security subject to that privilege will be given prominent notice of the impending termination or amendment at least 60 days prior to the date of termination or the effective date of the amendment, *provided* that: (a) No such notice need be given if the only material effect of an amendment is to reduce or eliminate the sales charge payable at the time of an exchange, to add one or more new Series eligible for the Exchange Option, or to delete a Series which has terminated; and (b) no notice need be given if, under extraordinary circumstances, either (i) there is a suspension of the redemption of Units of the Trust under section 22(e) of the Act and the rules and regulations promulgated thereunder, or (ii) a Trust temporarily delays or ceases the sale of its Units because it is unable to invest amounts effectively in accordance with applicable investment objectives, policies and restrictions.

2. An investor who purchases Units under the Exchange Option will pay a lower aggregate sales charge than that which would be paid for the Units by a new investor, unless the Five Months or DSC Front-end Exchange Adjustments apply.

3. The prospectus of each Trust offering exchanges and any sales literature or advertising that mentions the existence of the Exchange Option will disclose that the Exchange Option is subject to modification, termination or suspension, without notice except in certain limited cases.

4. Each Series offering Units subject to a deferred sales charge will include in its prospectus the table required by item 2 of Form N–1A (modified as

appropriate to reflect the differences between unit investment trusts and open-end management investment companies) and a schedule setting forth the number and date of each installment payment.

B. Condition for Exemption From Section 14(a)

Applicants will comply in all respects with the requirements of rule 14a–3, except that the Equity Trusts will not restrict their portfolio investments to ''eligible trust securities.''

C. Conditions for Exemption From Section 17(a)

1. Each sale of Equity Securities by an Index Trust, or Eligible Companies' securities by a State Trust, to a New Trust will be effected at the closing price of the securities sold on the applicable Exchange or the Nasdaq-NMS on the sale date, without any brokerage charges or other remuneration except customary transfer fees, if any.

2. The nature and conditions of such transactions will be fully disclosed to investors in the appropriate prospectus of each future Rollover Trust and new Trust.

3. The trustee of each Rollover Trust and New Trust will (a) review the procedures discussed in the application relating to the sale of securities from a Rollover Trust and the purchase of those securities for deposit in a New Trust and (b) make such changes to the procedures as the trustee deems necessary that are reasonably designed to comply with paragraphs (a) through (d) of rule 17a–7.

4. A written copy of these procedures and a written record of each transaction pursuant to any order granting the application will be maintained as provided in rule 17a–7(f).

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–31513 Filed 12–28–95; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 21618; 811–7684]

Household Personal Portfolios

December 22, 1995.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: Household Personal Portfolios.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on August 10, 1995 and amended on December 12, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on January 16, 1996 and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, D.C. 20549. Applicant, 2 North LaSalle Street, Chicago, Illinois 60602.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Staff Attorney, at (202) 942–0573, or Alison E. Baur, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end, diversified management investment company organized as a Massachusetts business trust. Applicant has five portfolios; Growth Equity Portfolio; Equity Income Portfolio; Fixed Income Portfolio; Tax-Exempt Income Portfolio; and Short-Term Income Portfolio.

2. SEC records indicate that applicant registered under the Act on April 28, 1993 by filing a notification of registration on Form N–8A pursuant to section 8(a) of the Act. Also on that date, applicant filed a registration statement on Form N–1A pursuant to section 8(b) of the Act and the Securities Act of 1933. The registration statement became effective on August 3, 1993, and the initial public offering commenced on the same date.

3. On December 19, 1994, after determining that applicant could no longer provide the desired safety, diversity, or earnings to shareholders because of applicant's small asset base, applicant's board of trustees authorized the appropriate officers to enter into an Agreement and Plan of Liquidation (''Plan'').

4. Pursuant to the Plan, applicant would be liquidated on February 28, 1995 (''Liquidation Date''), and on that date shareholders who had not redeemed their shares would have them automatically redeemed. Shareholders of applicant on or after December 19, 1994 would receive, upon redemption, the greater of (a) the shareholder's account balance (reflecting net asset value per share) on the date the redemption request is received or the Liquidation Date (whichever applies) or (b) the aggregate amount of the shareholder's purchase payments. Such payment method was used to ensure that shareholders would not receive less than their minimum initial investment. Household International, Inc., (''Household'') the parent of applicant's manager/distributor, Hamilton Investments, Inc., agreed to compensate any shareholder of record on or after December 19, 1994 for the amount by which all purchase payments made by that shareholder exceeded the shareholder's account balance upon redemption.

5. On February 28, 1995, all outstanding shares of applicant were liquidated and the proceeds were paid in cash to the shareholders. Distributions to all securityholders in complete liquidation of their interests have been made. Applicant did not incur any brokerage commissions attributable to the disposition of its portfolio securities.

6. In connection with the liquidation, applicant incurred $9,725 of aggregate expenses, consisting primarily of legal fees and mailing expenses, all of which were paid by Household. Household also reimbursed applicant for applicant's remaining unamortized organizational expenses of $287,710.

7. As of the date of this application, applicant has no assets and no outstanding debts or liabilities. Applicant has no shareholders and is not a party to any litigation or administrative proceeding. Applicant is not presently engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

8. Applicant intends to file an instrument required to terminate its existence as a Massachusetts business trust.